

**HOUSE SMALL BUSINESS COMMITTEE
HEARING REGARDING
THE USE OF REGIONAL SMALL BUSINESS IN THE AFTERMATH OF
HURRICANE KATRINA**

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Testimony of
Administrator Steven C. Preston

Good afternoon Chairwoman Velazquez, Congressman Westmoreland, and distinguished members of the Committee. Thank you for inviting me to discuss federal contracting following the 2005 Gulf Coast hurricanes and more specifically the role of the Small Business Administration and we are looking forward to assisting in the contracting process in future disaster reconstruction efforts.

During the rescue, relief and reconstruction of the Gulf to date, small business participation exceeded the federal government's 23 percent prime contracting goal by nearly 6 percent. Our preliminary data shows that small businesses have received nearly 29 percent of the more than \$15.5 billion awarded. Of those amounts 7.9 percent has gone to Small Disadvantaged Businesses; 4.3 percent has gone to women-owned businesses; and 1.3 percent to HUBZone firms.

Furthermore, I know the Committee is interested in the performance of the federal government in contracting to local businesses. As noted by the GAO in their March report, local businesses of all sizes in Alabama, Louisiana, and Mississippi received nearly 22 percent or \$3.4 billion of the \$15.5 billion in contracts. Of that \$3.4 billion, approximately, 57 percent went to local small businesses. Here in New Orleans 58 percent, of our district office portfolio of 8(a) firms received government contracts.

SBA was and continues to be committed to making sure that our small business customers receive fair opportunities to help in the rescue, relief and reconstruction effort. Soon after Katrina struck, SBA dedicated personnel to assist in identifying small business contracting opportunities. Five procurement center representatives (PCRs) were specifically assigned to work with Federal agencies, including the Department of Defense, Department of Homeland Security and the General Services Administration, to find relief and reconstruction contracts and subcontracting opportunities for firms in the Gulf Coast region. All other PCRs across the country were similarly directed to search for small business contracting opportunities. Judith

Roussel, our District Director for Chicago, a native of New Orleans, and former SBA Associate Administrator for both the 8(a) and Government Contracting Programs was assigned to direct the initial efforts and spent several months working here in New Orleans.

SBA was a partner with the Department of Commerce and other agencies to establish the Hurricane Contracting Information Center (HCIC). The HCIC is a portal for small businesses to access assistance and contract information from the various contracting agencies. During the height of the HCIC operations contracting specialists took thousands of calls and the HCIC website has had nearly 57,000 hits. Operation of the HCIC has been turned over to SBA and will form part of future disaster contracting initiatives.

In November 2005, SBA adapted its Business Matchmaking initiative to help small businesses in the stricken areas. SBA conducted a six-city (Baton Rouge, New Orleans, Gulfport, Hattiesburg, Jackson, and Mobile) mobile registration tour in the hurricane-affected areas. The mobile tour used a specially-equipped recreational vehicle donated by Microsoft to provide help for small businesses with electronic registration in the Central Contractor Registry. Business counseling was also provided by SBA resource partners including Small Business Development Centers and SCORE. Following the registration, SBA's PCRs across the country worked with the over 700 small businesses to match capabilities of the firms by usage of the NAICS codes with the needs of the procuring activities.

Small businesses who register through it have received more than \$650 million in contracts primarily awarded by federal agencies and each firm's profile has been uploaded to the General Services Administration's electronic notification system to receive electronic alerts of procurement opportunities.

Listed below are some examples of the results of our efforts:

- **The Department of the Army.** SBA and the Army worked to extend the geographic boundaries of two different requirements to include 8(a) program participants with a bona fide place of business in contiguous states affected by Hurricanes Katrina and Rita. The extended requirements were the Louisiana Recovery Field Office Corps of Engineers construction requirement for roofing repairs in the State of Louisiana and the New Orleans District Corps of Engineers construction requirement for levee repair in Louisiana.
- **General Services Administration and the Federal Emergency Management Agency.** With SBA's help, these Agencies awarded an "urgent and compelling" sole source 8(a) contract above the competitive threshold for the purpose of shipping mobile showers and laundry units to the Gulf of Mississippi.
- **Horizontal Oilfield Supply Systems.** When New Orleans was facing the flooding caused by the levee failures, this veteran-owned firm identified in an SBA event, obtained a contract from the Federal Energy Management Agency to build and supply

specially designed pumps that removed 7 million gallons of water an hour from the streets of New Orleans.

- **Crown Roofing.** An 8(a) contractor, Crown, has been on the Blue Roof Mission since the company began. They successfully contributed roofing in the record 2004 hurricane season with Hurricanes Charley, Frances, Ivan, and Jeanne that ravaged Florida. Crown Roofing won a 5-Year IDIQ contract awarded by FEMA/Department of Homeland Security for the maintenance and deactivation of mobile homes and travel trailers in the State of Louisiana. They also have experience in the maintenance of manufactured homes and travel trailers and are providing services for FEMA in Jefferson Parish and East and West Baton Rouge Parishes. Crown Roofing has been awarded major contracts with the Corps of Engineers to provide emergency temporary roofing services.
- **Jacquet Construction Services, LLC (“JCS”).** JCS is an 8(a), HUBZone, Small Disadvantaged Business general construction firm established in 1991 in New Orleans. JCS was awarded a site clearing and preparation project for the U.S. Army Corps of Engineers in Erath, Louisiana. They built access roads and parking areas for the Dozier Elementary School and for the temporary classrooms for Vermilion Parish School Board. This project was completed in March 2006, ahead of schedule. Currently JCS is providing technical assistance related to the maintenance and deactivation of temporary housing units (mobile homes, travel trailers, and other types of prefabricated housing) for FEMA in the New Orleans area and St. Bernard Parish.

In addition to federal prime contracts, subcontracting puts much needed dollars into the hands of local small businesses and small businesses in general in the Gulf Coast rescue, relief and reconstruction effort. One such example is KBR, a prime contractor that worked with SBA, local Minority Business Councils, and organizations like New Orleans Youth for Prosperity, to locate small and minority businesses or labor in the New Orleans and Mississippi areas. As a result, KBR subcontracted 82% of its work to small business, with 84% of the labor coming from the Gulf States affected by the hurricane.

SBA is committed to utilizing all of our programs and products and services to help the Gulf Coast areas recover -government contracting lending, technical assistance- but most importantly our disaster program has disbursed approximately \$1.2 billion in physical and economic injury disaster loans to small business throughout the Gulf Coast in addition to the more than \$4.3 billion disbursed to help rebuild homes; helping the local labor force get back to work. It is SBA’s mission to help the local businesses within these communities recover and prosper, as they are the engine of the economy.

Looking forward, SBA will build on these kinds of successes by improving processes and technologies to expand small business federal contracting opportunities. Accuracy and transparency of data is crucial to that end and we are working with the Office of Management and Budget, GSA and all reporting Agencies to fine-tune the existing reporting systems as well as the accuracy and transparency of the data input into those systems. SBA will also continue to

employ the strategies that have produced positive results in the Gulf after Katrina. Strategies such as:

- Assisting small businesses to develop forward marketing strategies. For instance, protecting financial information after a disaster, and planning for possible involvement with rebuilding efforts.
- Using our district offices to coordinate matchmaking and registration events to increase local small business contracting opportunities.
- Utilizing the Hurricane Contracting Information Center (HCIC) a basic 1 stop source resource center for small business contracting opportunities and information.
- Working continually with GSA to establish up-to-date sourcing lists for small businesses. While it is difficult to anticipate all the contracting activities that may arise after a disaster, we believe certain items are amenable to identification of potential sources. In addition, we will work with the Department of Homeland Security and Department of Defense to develop lists of potential contracts for small businesses.
- Building upon the progress in small business contracting and subcontracting awards that we have seen in the rescue, relief and recovery of the Gulf Coast thus far. While the Small Business Act goals do not specifically apply to disaster recovery contracting, SBA and other Federal Agencies recognize the importance of those goals and use them, along with our responsibilities under the Stafford Act, as our guides for accomplishment.

Chairwoman Velazquez, thank you again for the opportunity to testify. I look forward to answering any questions you might have.